



BREVARD COUNTY PROPERTY APPRAISER
FISCAL YEAR 2016-17 BUDGET
Executive Summary

The requested budget of the Brevard County Property Appraiser addresses the obligations of the Office under the Constitution of the State of Florida and the Brevard County Charter.

The budget request for FY2016-17 is for \$8,785,260, representing a 0.1% decrease over the previous approved budget. In accomplishing this notable achievement, as we continue to adjust to a significant technology improvement, the budget also addresses the core goals of the Office:

- 1) Provide quality service to the public;
- 2) Promote accuracy, taxpayer equity, accountability, transparency and professionalism;
- 3) Acknowledge the ongoing economic challenges in Brevard County and the State of Florida by thoroughly challenging personnel, operating and capital expenditures and focusing future needs; and,
- 4) Move the Office forward by embracing new best practices, process improvements, personnel development and investment in the technology and training necessary to perform the work with which the Office is tasked.

The arrival of new leadership in January 2013 signaled that ongoing methods, practices and expenditures would be challenged and that significant changes in philosophy and management style would be readily apparent. The requested budget is indicative of the implementation and continuation of those changes.

Personnel Expenses

Personnel expenses decrease by \$92,378 (-1.2%). Funded positions are maintained at 102, which was reduced significantly in multiple prior years. The Office has pursued management consolidations in several departments as management vacancies occur and sought efficiencies wherever reasonable. The result is a “flatter” organization with lower personnel expense for a continued high level of service delivery. The overall reduction in personnel expenses is comprised of the following major components:

- (\$93,876) reduction in regular wages as workforce reductions occur and staff restructuring continues.
- (\$26,484) decrease in Special Pay to accommodate separation expenses for retiring employees as retirement count lessens vs prior year.
- \$13,741, or 2.45%, increase in retirement expenses due to Florida Retirement System rate increases are offset by a (\$13,246) reduction due to prior year separations from DROP.
- No projected increase in health insurance due to plan premium changes negotiated by Brevard County.

No inflation adjustments for wages, performance-based bonuses, or other office-wide pay improvements are proposed. The Office proposal acknowledges no compensation change for State of Florida general employees and presumes no change to Brevard County general employees, based on county management’s assumptions at the time of budget submittal. The Office intends to mirror any county pay improvement plan, should the Brevard County Board of County Commissioners adopt such a plan.

Operating Expenses

Operating expenses increase by \$85,599 (7.0%). The overall change in operating expenses is comprised of the following major components:

- \$40,250 increase in Professional Services-Appraisal as the Office expands a previously budgeted effort to contract for automated reviews of changes in aerial photos to more efficiently identify properties requiring onsite inspections due to visible changes in property improvements.
- \$20,000 new expense in Professional Services-EDP for cyber-security penetration testing of the BCPAO network.
- (\$25,353) reduction in Office Equipment leases to reflect new, more favorable leases for comparable copier and postage equipment.

- \$14,630 increase in Vehicles leases as the Office transitions from owned vehicles to leased, which is a preferred expense model due to the Office's lack of ability to accrue funding for depreciation to provide smooth expensing of vehicle replacement.
- \$20,177 increase in Education expenses to increase training resources for Information Technology and Information Systems staff to better support new hardware and software environments post-CAMA conversion.

Capital Expenses

Capital expenses decrease by (\$52) (-0.2%) versus prior year budget and decreases by \$562,077 (90.2%) versus FY2013-14 as the Office finishes the following projects:

- Funding multi-year CAMA system replacement, totaling \$1.6 million, with savings gains from organizational restructuring and contract administration.
- Desktop computer replacement cycle – Last replacements of 120 desktop units
- Converting the Office's network servers to Virtual Machines, reducing 24 servers to 2.

In addition to the projects above that are scheduled for completion in the current and future fiscal year, major capital expense goals for FY2015-16 include:

- Initial portable tablets purchase to develop remote data entry and access capabilities for Field Operations and other field personnel.
- Partial upgrade of virtual server storage to solid state drives to reduce lag time on common and frequent CAMA operations.

An Important Note about Technology

As new leadership arrived in January 2013, the major technology platforms in the Office were dangerously outdated, unstable, difficult to maintain, woefully inefficient to use, or some combination of all factors. Some major initiatives that have been completed within the most recent two fiscal years include:

- Conversion of current CAMA (internally developed, circa 1982) to Patriot Properties AssessPRO V5.0 system. The first assessment roll has been successfully processed and submitted to Florida Department of Revenue. Efforts continue to consolidate systems and improve processes within the new CAMA environment.
- Deployment of new desktop computer systems, with double and triple monitor setups as needed by data- and mapping-intensive staff. This effort is completed, with an asset replacement cycle scheduled for future years to maintain technological strengths.

- Deployment of new website and corresponding Internet and Mapping servers with redundancy. This is an effort that is continuing into FY2016-17 as an existing staff task with no new capital.
- Complete review of full cycle of technology subscriptions and services to ensure compliance with Office purchasing policies and/or maximize use of State, Federal or other public entity negotiated agreements.

Technology is critical to repetitive, process-driven tasks like assessment roll preparation. The poor adoption of technology by the Office is reflected in the dramatic fluctuations in staffing during the peak to trough in the real estate market cycle experiences by Brevard County between FY2006-07 and today.

ACTIVITY-INDUCED BUDGET CHANGES		
<u>Year</u>	<u>Employees</u>	<u>Budget</u>
FY2006-07	146	\$12,007,721
FY2016-17	102	\$8,785,260

The ~30% reduction in staffing and correlated budget decline (reflected in chart above) should be sustainable in most market conditions if technology is properly deployed.

According to a report authored by Dr. Lawrence Walters and the IAAO Research Committee and published in the May 2014 *Journal of Property Tax Assessment & Administration*, in order to compare the use of technology in assessment offices, the researchers created a scale that could be applied to any office. This “Technology Index” has a maximum score of 27 points. In the survey conducted, county assessment agencies of all sizes had a mean technology score of 10.10, while larger agencies (>100,000 parcels) scored 11.6 on average, implying that larger agencies are broader adopters of technology to assist in their work.

Applying the IAAO Technology Index to BCPAO, using prior (May 2014) and proposed (September 2017) technology deployments generates the following result:

IAAO 2014 TECHNOLOGY INDEX COMPONENTS

Technology	Points	BCPAO Score May 2014	BCPAO Score Sept. 2017	
Remote data entry (note: included with tablet deployment)	3	-	3	(pending)
Electronic distance measuring (EDM)	3	3	3	(deployed)
Field tablet use (note: Testing in field Spring 2017)	3	-	3	(pending)
Real-time remote access (note: included with tablet deployment)	3	-	3	(pending)
Oblique photography	3	3	3	(deployed)
Global Positioning System (GPS)	2	-	2	(deployed)
Graphical Information System (GIS)	2	2	2	(deployed)
Aerial imagery	2	2	2	(deployed)
Digital property sketch	2	2	2	(deployed)
Photographic equipment	1	1	1	(deployed)
Video equipment	1	-	-	
Laptop	1	-	-	
Digital pen	1	-	-	
Office library	1	1	1	(deployed)
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		14	25	

The results show that, at present, the Office’s “Technology Index” score is 14, which places the office in the 2nd decile (80-90th percentile) of agencies who participated in the survey. This is a strong result; however, based on the pending technology improvements scheduled for the upcoming fiscal year, which includes adoption of Patriot Properties modern, customized off-

the-shelf AssessPro V5.0 CAMA package with supported field tablet deployment, the Office's Technology Index score will rise to 25. The top Index score in the survey of 672 agencies was 22 on the 27-point scale.

Conclusion

BCPAO presents a responsible, well-considered budget request that proposes minimal change over the current fiscal year. This budget reflects major internal changes in personnel and systems to promote stability and quality in the Office's operation for many years to come.

This stable budget request recognizes the local funding pressures in Brevard County. BCPAO administration has made painful, but necessary, reductions in staffing and continues to challenge every contract or expense the Office bears.

The Office will be challenged in future budgets by continuing increases in health insurance and retirement expenses, as well as market pressure to fund an inflation-sensitive compensation plan as the employment market continues to strengthen.